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DEPARTMENT OF COMMERCE

International Trade Administration

A-570-912

Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2012-2013

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce ("Department") is conducting an administrative review of the antidumping duty order on certain new pneumatic off-the-road tires ("OTR tires") from the People's Republic of China ("PRC"). The period of review ("POR") is September 1, 2012, through August 31, 2013. The review covers the following exporters of subject merchandise: mandatory respondents Double Coin Holdings Ltd. ("Double Coin")¹ and Guizhou Tyre Co., Ltd. / Guizhou Tyre Import and Export Co., Ltd. (collectively, "GTC"), and

¹ In *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 78 FR 67104, 67108 (November 8, 2013) ("*Initiation Notice*"), the review was initiated on Double Coin Group Rugao Tyre Co., Ltd. – renamed Double Coin Group Jiangsu Tyre Co., Ltd. – ("DC Rugao/Jiangsu"), Double Coin Group Shanghai Donghai Tyre Co., Ltd. ("DC Donghai"), and Double Coin Holdings, Ltd. ("DCH" or "Double Coin"). The respondent in this review is DCH, which exported all subject merchandise produced by both its wholly-owned and affiliate factories during the POR. DC Donghai is an affiliated producer of subject merchandise that did not produce OTR tires for export in the POR. See, e.g., Letter from Double Coin entitled, "Section A Response of Double Coin Holdings and China Manufacturers Alliance, LLC," dated January 22, 2014 ("Double Coin SAQR"). DC Rugao/Jiangsu is a majority DCH-owned subsidiary factory which, along with the 100 percent DCH-owned production factory (*i.e.*, Double Coin Lorry Tyre Branch, *a.k.a.*, Shanghai Heavy Tire), produced the subject merchandise in question during the POR. *Id.* The International Trade Department of DCH is responsible for all export sales of merchandise under consideration produced by both DCH's Shanghai Heavy Tire factory and the DC Rugao/Jiangsu factory. *Id.* Additionally, the China Manufacturers Alliance ("CMA") is DCH's U.S. sales affiliate for all POR sales, and has provided and certified to relevant and requested sales-related information on behalf of the respondent. *Id.* Accordingly, for ease of reference we use "Double Coin" to collectively refer to each of the above production, export, and sales entities that comprise the respondent in this review, but note that DCH is the actual exporter-respondent. Furthermore, as discussed below, we have collapsed DCH (including Shanghai Heavy Tire), DC Rugao/Jiangsu, and DC Donghai into a single entity for the purposes of this review.

non-examined respondents Zhongce Rubber Group Company Limited (“Zhongce”),² Weihai Zhongwei Rubber Co., Ltd. (“Zhongwei”), and Trelleborg Wheel System (Xingtai) China, Co. Ltd. (“Trelleborg”). We preliminarily find that GTC made sales of subject merchandise at less than normal value, Zhongce and Zhongwei are eligible for a separate rate, Double Coin failed to demonstrate eligibility for separate rate status and thus has been included in the PRC-wide entity, and Trelleborg had no shipments during the POR.

EFFECTIVE DATE: Insert date of publication in the *Federal Register*.

FOR FURTHER INFORMATION CONTACT: Brendan Quinn or Andrew Medley, AD/CVD Operations, Office III, Enforcement and Compliance, International Trade Administration, Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-5848 or (202) 482-4987, respectively.

SUPPLEMENTARY INFORMATION:

Scope of the Order³

The merchandise covered by this order includes new pneumatic tires designed for off-the-road and off-highway use, subject to certain exceptions. The subject merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (“HTSUS”) subheadings: 4011.20.10.25, 4011.20.10.35, 4011.20.50.30, 4011.20.50.50, 4011.61.00.00, 4011.62.00.00, 4011.63.00.00, 4011.69.00.00, 4011.92.00.00, 4011.93.40.00, 4011.93.80.00, 4011.94.40.00, and

² This review was initiated on Hangzhou Zhongce Rubber Co., Ltd.; however, in the final results of a changed circumstances review, which was completed after the instant review initiated, the Department determined that Zhongce was the successor-in-interest to Hangzhou Zhongce Rubber Co., Ltd. See *Certain New Pneumatic Off-the-Road Tires From the People’s Republic of China: Final Results of Antidumping Duty Changed Circumstances Review*, 79 FR 8463 (February 12, 2014).

³ For a complete description of the scope of the order, see the Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, entitled, “Decision Memorandum for Preliminary Results of Antidumping Duty Administrative Review: Certain New Pneumatic Off-the-Road Tires from the People’s Republic of China,” dated September 30, 2014 (“Preliminary Decision Memorandum”).

4011.94.80.00. The HTSUS subheadings are provided for convenience and customs purposes only; the written product description of the scope of the order is dispositive.

Preliminary Determination of No Shipments

Trelleborg submitted a timely-filed certification indicating that it had no shipments of subject merchandise to the United States during the POR.⁴ Consistent with its practice, the Department asked U.S. Customs and Border Protection (“CBP”) to conduct a query on potential shipments made by Trelleborg during the POR; CBP did not provide any evidence that contradicts Trelleborg’s claim of no shipments.⁵ Based on Trelleborg’s certification and our analysis of CBP information, we preliminarily determine that Trelleborg did not have any reviewable transactions during the POR. Consistent with a recently announced refinement to its assessment practice in non-market economy (“NME”) cases, the Department is not rescinding this review, in part, but intends to complete the review with respect to Trelleborg.⁶

Preliminary Determination of Affiliation and Collapsing

Based on the evidence presented in Double Coin’s questionnaire responses, we preliminarily find that DCH (including Shanghai Heavy Tire), DC Rugao/Jiangsu, and DC Donghai are affiliated, pursuant to section 771(33)(E) of the Act. In addition, based on the evidence presented in the questionnaire responses, we preliminarily find that DCH (including its Shanghai Heavy Tire factory), DC Rugao/Jiangsu, and DC Donghai should be treated as a single entity for the purposes of this review (collectively, the “DCH Single Entity”). This finding is based on the determination that there is significant potential for manipulation of price between

⁴ See Letter from Trelleborg, entitled, “Trelleborg Wheel Systems (Xingtai) China, Co. Ltd. Statement of No Shipments during the POR: New Pneumatic Off-The-Road Tires from the People's Republic of China,” dated November 20, 2013.

⁵ See CBP Message Number 3352302, dated December 18, 2013.

⁶ See *Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties*, 76 FR 65694, 65694-95 (October 24, 2011) and the “Assessment Rates” section, below.

the parties pursuant to the criteria laid out in 19 CFR 351.401(f), due to the high level of common ownership, interlocking boards and managers, and intertwined operations.⁷

Separate Rates

In the *Initiation Notice*,⁸ we informed parties of the opportunity to request a separate rate. In proceedings involving NME countries, the Department begins with a rebuttable presumption that all companies within the NME country are subject to government control and, thus, should be assigned a single weighted-average dumping margin. It is the Department's policy to assign all exporters of merchandise subject to an administrative review involving an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. Companies that wanted to be considered for a separate rate in this review were required to timely file a separate-rate application or a separate-rate certification to demonstrate their eligibility for a separate rate. Separate-rate applications and separate-rate certifications were due to the Department within 60 calendar days of the publication of the *Initiation Notice*.

In this review, all exporters for which a review was requested submitted separate-rate information to rebut the presumption that, like all companies within the PRC, they are subject to government control with respect to export activities. As further discussed in the Preliminary Decision Memorandum,⁹ we determine that the mandatory respondent Double Coin has not

⁷ For further discussion of the Department's affiliation and collapsing decision, *see* Memorandum to the File, entitled, "2012-2013 Administrative Review of the Antidumping Duty Order on Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Double Coin Affiliation and Collapsing Memorandum," dated September 30, 2014 ("Double Coin Affiliation and Collapsing Memo").

⁸ *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 78 FR 67104, 61704-05 (November 8, 2013) ("*Initiation Notice*").

⁹ *See* Preliminary Decision Memorandum. For further analysis, including business proprietary information details, with respect to the denial of Double Coin's separate rate, *see also* the Department's memorandum to the File, entitled, "2012-2013 Administrative Review of the Antidumping Duty Order on Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Analysis of the Preliminary Results Margin Calculation for Double Coin Holdings, Ltd.," dated concurrently with this memorandum.

demonstrated that it operates free from government control with respect to export activities.

Thus, we preliminarily determine that Double Coin is part of the PRC-wide entity.

The remaining mandatory respondent (*i.e.*, GTC) and non-examined respondents (*i.e.*, Zhongce and Zhongwei) submitted sufficient information for the Department to preliminarily determine that they are entitled to a separate rate.¹⁰ A full discussion of the basis for granting these companies a separate rate can be found in the Preliminary Decision Memorandum.

Rate for Non-Examined Companies Which Are Eligible for a Separate Rate

Normally, the Department's practice is to look for guidance from section 735(c)(5)(A) of the Tariff Act of 1930, as amended ("the Act"), to assign to separate rate companies that were not individually examined a rate equal to the average of the rates calculated for the individually examined respondents, excluding any rates that are zero, *de minimis*, or based entirely on adverse facts available.¹¹ In this case, one mandatory respondent, Double Coin, is preliminarily found to be part of the PRC-wide entity. The other mandatory respondent, GTC, is receiving a separate rate for these preliminary results calculated from its own sales and production data. To determine a rate for the unselected separate rate companies, we find it appropriate to use the margin calculated for GTC, which was also found to be separate from the PRC-wide entity with respect to its export activities, and which rate is not zero or *de minimis* nor based entirely on facts available. Therefore, we are preliminarily assigning GTC's calculated margin as the rate assigned to non-examined entities which have demonstrated their eligibility for a separate rate.

¹⁰ See Preliminary Decision Memorandum. For further analysis, including business proprietary information details, with respect to the approval of GTC's separate rate request, *see also* the Department's memorandum to the File, entitled, "2012-2013 Administrative Review of the Antidumping Duty Order on Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Analysis of the Preliminary Results Margin Calculation for Guizhou Tyre Co., Ltd.," dated concurrently with this memorandum.

¹¹ See, e.g., *Preliminary Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 71 FR 77373, 77377 (December 26, 2006), unchanged in *Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 19690 (April 19, 2007).

PRC-Wide Entity

Double Coin, one of the companies that the Department selected as a mandatory respondent in this administrative review, failed to demonstrate absence of *de facto* government control over export activities due to the fact that its controlling shareholder is wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council and the significant level of control this majority shareholder wields over the respondent's Board of Directors.¹² As a result, we preliminarily determine that Double Coin is part of the PRC-wide entity.

Because Double Coin provided the Department with its verified sales and production data, we are able to calculate a margin for an unspecified portion of a single PRC-wide entity, but cannot do so for the remaining unspecified portion of the entity. As the Department must calculate a single margin for the PRC-wide government controlled entity and there is insufficient information on the record with respect to the composition of the PRC-wide entity, we thus preliminarily calculated a simple average of the previously assigned PRC-wide rate (210.48 percent)¹³ and Double Coin's calculated margin (0.69 percent) as the rate applicable to the PRC-wide entity. Accordingly, the Department revised the PRC-wide entity rate to 105.59 percent for these preliminary results. For a further discussion of the PRC-wide entity rate, *see* the Preliminary Decision Memorandum.

Methodology

The Department conducted this review in accordance with section 751(a)(1)(B) of the Act. Export and constructed export prices were calculated in accordance with sections 772(a)

¹² See "Separate Rates" section of the Preliminary Decision Memorandum.

¹³ See *Certain New Pneumatic Off-The-Road Tires from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 40485, 40489 (July 15, 2008) ("*LTFV Investigation*").

and (b) of the Act. Because the PRC is a NME within the meaning of section 771(18) of the Act, the Department calculated normal value in accordance with section 773(c) of the Act.

For a full description of the methodology underlying our preliminary results, please *see* the Preliminary Decision Memorandum, which is hereby adopted by this notice. A list of the topics included in the Preliminary Decision Memorandum is attached as an Appendix to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System ("IA ACCESS"). IA ACCESS is available to registered users at <http://iaaccess.trade.gov>, and it is available to all parties in the Central Records Unit, room 7046 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly on the internet at <http://enforcement.trade.gov/frn/index.html>. The signed Preliminary Decision Memorandum and the electronic versions of the Preliminary Decision Memorandum are identical in content.

Preliminary Results of Review

The Department preliminarily determines that the following weighted-average dumping margins exist:

Exporter	Weighted Average Dumping Margin
Guizhou Tyre Co., Ltd. / Guizhou Tyre Import and Export Co., Ltd. ¹⁴	16.18
Zhongce Rubber Group Company Limited	16.18
Weihai Zhongwei Rubber Co., Ltd.	16.18
PRC-Wide Entity (includes the DCH Single Entity ¹⁵)	105.59

Disclosure and Public Comment

The Department intends to disclose to the parties the calculations performed for these preliminary results within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b). Interested parties may submit case briefs no later than 30 days after the date of publication of these preliminary results of review.¹⁶ Rebuttal briefs, limited to issues raised in the case briefs, may be filed no later than five days after the case briefs are filed.¹⁷

Any interested party may request a hearing within 30 days of publication of this notice.¹⁸ Hearing requests should contain the following information: (1) the party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. Oral presentations will be limited to issues raised in the case and rebuttal briefs. If a request for a hearing is made, parties will be notified of the time and date for the hearing to be held at the U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230.¹⁹

Unless otherwise extended, the Department intends to issue the final results of this administrative review, which will include the results of its analysis of issues raised in the case

¹⁴ The review was initiated on Guizhou Advance Rubber Co., Ltd. ("GAR"), Guizhou Tyre Co., Ltd., and Guizhou Tyre Import and Export Co., Ltd. See *Initiation Notice*, 78 FR at 67108. These three companies were collapsed into a collective entity, GTC, in the investigation. See *Certain New Pneumatic Off-The-Road Tires From the People's Republic of China; Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 73 FR 9278, 9283 (February 20, 2008), unchanged in *LTFV Investigation*. GAR does not export subject merchandise; as such, we have only listed GTC in this section of the notice.

¹⁵ As noted above, the review was initiated on DCH, DC Rugao/Jiangsu), and DC Donghai, and each company has been preliminarily collapsed and treated as the DCH Single Entity for the purposes of this review.

and rebuttal briefs, within 120 days of publication of these preliminary results, pursuant to section 751(a)(3)(A) of the Act.

Assessment Rates

Upon issuance of the final results of this review, the Department will determine, and CBP shall assess, antidumping duties on all appropriate entries covered by this review.²⁰ The Department intends to issue appropriate assessment instructions to CBP 15 days after publication of the final results of this review.

For GTC, whose weighted-average dumping margin is not zero or *de minimis* (*i.e.*, less than 0.5 percent), we will calculate importer-specific *ad valorem* duty assessment rates based on the ratio of the total amount of dumping calculated for the importer's examined sales to the total entered value of those same sales in accordance with 19 CFR 351.212(b)(1).²¹ For duty assessment rates calculated on this basis, we will direct CBP to assess the resulting *ad valorem* rate against the entered customs values for the subject merchandise. If the weighted-average dumping margin for the exporter is zero or *de minimis*, or if the importer-specific assessment rate is zero or *de minimis*, then the Department will instruct CBP to liquidate the appropriate entries without regard to antidumping duties.

On October 24, 2011, the Department announced a refinement to its assessment practice in NME cases. Pursuant to this refinement in practice, for entries that were not reported in the U.S. sales databases submitted by companies individually examined during this review, the Department will instruct CBP to liquidate such entries at the PRC-wide rate. In addition, if the

¹⁶ See 19 CFR 351.309(c).

¹⁷ See 19 CFR 351.309(d).

¹⁸ See 19 CFR 351.310(c).

¹⁹ See 19 CFR 351.310(d)(1).

²⁰ See 19 CFR 351.212(b)(1).

²¹ In these preliminary results, the Department applied the assessment rate calculation method adopted in *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Proceedings: Final Modification*, 77 FR 8101 (February 14, 2012).

Department determines that an exporter under review had no shipments of the subject merchandise, any suspended entries that entered under that exporter's case number (*i.e.*, at that exporter's rate) will be liquidated at the PRC-wide rate.²²

In accordance with section 751(a)(2)(C) of the Act, the final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the final results of this review and for future deposits of estimated duties, where applicable.

Cash Deposit Requirements

The following cash deposit requirements for estimated antidumping duties, when imposed, will apply to all shipments of subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication of the final results of this administrative review, as provided by section 751(a)(2)(C) of the Act: (1) if the companies preliminarily determined to be eligible for a separate rate receive a separate rate in the final results of this administrative review, their cash deposit rate will be equal to the weighted-average dumping margin established in the final results of this review, as adjusted for domestic subsidies (except, if that rate is *de minimis*, then the cash deposit rate will be zero); (2) for any previously investigated or reviewed PRC and non-PRC exporter that is not under review in this segment of the proceeding but that received a separate rate in the most recently completed segment of this proceeding, the cash deposit rate will continue to be the exporter-specific rate published for the most recently completed segment of this proceeding; (3) for all PRC exporters of subject merchandise that have not been found to be entitled to a separate rate, the cash deposit rate will be equal to the cash deposit rate for the PRC-wide entity, which will be equal to the rate assigned to the PRC-wide entity in the final results of this administrative review; and (4) for all non-PRC

²² See *Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties*, 76 FR 65694, 65694-95 (October 24, 2011).

exporters of subject merchandise which have not received their own rate, the cash deposit rate will be the rate applicable to the PRC exporter(s) that supplied that non-PRC exporter. These cash deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Importers

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Department's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

Notification to Interested Parties

We are issuing and publishing notice of these results in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

September 30, 2014
Date

Appendix

List of Topics Discussed in the Preliminary Decision Memorandum

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5. Non-Market Economy Country
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